

**House Bill 2
Senate Finance and Claims Committee
March 27, 2003
State Superintendent Linda McCulloch Remarks**

Good Morning. For the record, I am Linda McCulloch, Superintendent of Public Instruction.

I would like to thank the Joint Appropriations Subcommittee on Education for several productive days in January examining the education agency's budget in detail, which also allowed me an opportunity to dispel many misunderstandings about our state's education agency, OPI.

I will keep my remarks brief today; so, I have given informational packets to each of you and my staff and I will be available for questions at any time.

When we talk schools in Montana we're talking about 150,000 students, 12,047 certified staff, 441 school districts, and 870 public schools.

I'd like to make a couple of points regarding the OPI education agency and K-12 School funding as it stands today:

- 1. First, I would like to recognize the Subcommittee for their support to fund the half million dollars for statewide student assessment over the biennium. This appropriation will allow OPI to fund a contract for the annual assessment of students in grades 4,8, and 11 as required by the Board of Public Education and the Elementary and Secondary Education Act of 1994. It's a good thing that school districts won't have to use money for these tests that would otherwise go for classroom teaching.**
- 2. It is important to note that the K-12 education agency, OPI, is already sustaining a general fund budget for the current biennium that is \$1.1 million less than it was for the previous biennium due to cuts made last Legislative session, the Governor's 3.5% reduction and the special session cuts. The \$800,000 biennial targeted expenditure reductions from this Legislative session -- will further reduce our agency's FY2004 and FY2005 biennial budget. Keep in mind that our state general fund budget is just over \$4 million per year.**

A reduction to the K-12 education agency budget does mean cuts in services and resources to Montana's classrooms and students. Frankly, at this point, I am not entirely sure how I will handle over \$800,000 of new cuts while continuing to meet the needs of our number one priority – our Montana

classrooms. Prudently, I am waiting to see what bills pass and what requirements will be placed on our agency before making those cuts.

3. With its across-the-board reductions, the House set the general fund appropriation for K-12 BASE aid at a level that is \$5.2 million below the present law budget. I respectfully request that you restore that funding to our local schools. *(I want to remind the committee that the funding rates for the basic and per-ANB entitlements are set in statute. If the legislature intentionally under funds the appropriation for K-12 BASE aid, I am required by law to bring a supplemental request to the 2005 legislative session to pay for K-12 BASE aid at the funding rates set in statute.)*
4. The House passed an amendment to fund a 5% increase for Special Education funding which was a part of our original budget request to the Governor. It is dependent on passage of a tobacco tax.
5. Based on revised estimates for federal funds from the U.S. Dept. of Education, the full House Appropriations Committee passed an amendment requested by my office to increase spending authority for federal funds for our local school districts. *(\$26 million for the biennium for Title I and IDEA.)* It is important that I mention to you that the recent world events render these budget projections for FY2005 doubtful. As the demands on the federal budget change, we are anticipating that the funds available for education will be reduced.

Montana will be receiving additional federal funds for Montana's K-12 public education system; however, President Bush's No Child Left Behind Act has very specific requirements. To perform our state activities that are not federally required, Montana may not use federal money. I will take a very serious look at any and all opportunities for us to utilize these funding streams, while also being acutely aware that it is a violation of federal law for Montana to supplant or replace state expenditures with federal funds. I will not miss-spend federal funds.

The Office of Public Instruction is a very small and efficient state agency. The circumstances before us necessitate our K-12 education agency eliminating services and supportive resources to schools at a time when schools are already struggling. It is my goal to minimize the impact to our 150,000 public school children as best as I can. Members of my staff and I are available for questions or any information that you may have at any time.

I thank you for your time today.